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India

Coffee Semi-annual

Coffee

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Report Highlights:

India's 2014/15 coffee crop (Oct/Sep) is forecast at 5.1 million 60 kg bags, marginally higher than the revised MY 2013/14 estimate. The forecast Robusta crop increase should offset the decline in Arabica yields caused by pest pressure and the smaller 'off' year crop. Lower export estimates coupled with rising imports have raised stock levels in MY 2013/14 and 2014/15.

Executive Summary:

Coffee, Green India	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Oct 2012		Market Year Begin: Oct 2013		Market Year Begin: Oct 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	415	415	411	411	410	410
Area Harvested	376	376	370	370	370	368
Bearing Trees	568	568	568	568	568	568
Non-Bearing Trees	64	64	64	64	64	64
Total Tree Population	632	632	632	632	632	632
Beginning Stocks	1,421	1,473	1,949	1,982	1,787	2,157
Arabica Production	1,643	1,643	1,675	1,703	1,625	1,400
Robusta Production	3,660	3,660	3,333	3,372	3,500	3,700
Other Production	0	0	0	0	0	0
Total Production	5,303	5,303	5,008	5,075	5,125	5,100
Bean Imports	1,130	1,130	1,000	1,051	1,000	1,000
Roast & Ground Imports	3	3	2	3	2	3
Soluble Imports	31	31	28	46	20	42
Total Imports	1,164	1,164	1,030	1,100	1,022	1,045
Total Supply	7,888	7,940	7,987	8,157	7,934	8,302
Bean Exports	3,405	3,420	3,630	3,250	3,660	3,421
Rst-Grnd Exp.	3	3	3	6	3	4
Soluble Exports	1,431	1,435	1,367	1,544	1,450	1,600
Total Exports	4,839	4,858	5,000	4,800	5,113	5,025
Rst,Ground Dom. Consum	750	750	770	770	750	770
Soluble Dom. Cons.	350	350	430	430	430	430
Domestic Use	1,100	1,100	1,200	1,200	1,180	1,200
Ending Stocks	1,949	1,982	1,787	2,157	1,641	2,077
Total Distribution	7,888	7,940	7,987	8,157	7,934	8,302
1000 HA, MILLION TREES, 1000 60 KG BAGS						

Production
Marketing year 2014/15 coffee production is estimated at 5.1 million 60 kg bags; a slight reduction from the USDA forecast. While the planted area remains split evenly between Arabica and Robusta, growers in Karnataka, the largest area, are anticipating Robusta yields will be higher than last year due to improved agronomic practices. Arabica yields are expected to be lower since this will be an 'off' year in its biennial cycle. Arabica crop harvesting begins in November or early December and the Robusta crop harvest begins in January. Production typically arrives in the market place by the end of the month it is harvested. Industry sources indicate that average farm gate prices are almost 35 percent higher (see table 2) than last year. As such, growers and large exporters are holding stocks in anticipation of even higher prices. The Coffee Board of India final estimate (May/June) estimated marketing year 2013/14 production at 5.07 million 60 kg bags. Government of India rainfall data indicates that rainfall amounts in the southern interior portions of Karnataka, which accounts for 70 percent of total production, were 20 percent higher than normal during the monsoon season.

Consumption
More than 90 percent of India's coffee production is exported and the domestic industry focuses much of its marketing effort on export promotion. Domestic consumption for coffee has remained relatively flat despite a large number of international coffee chains entering the Indian market. There are signs that the popularity of coffee is increasing with the spread of both foreign and home-grown coffee shops. However, exports continue to siphon large amounts of coffee away from the domestic market and consumption estimates are largely unchanged.

Trade
Indian coffee remains high-priced in the global markets. Demand remains sluggish as buyers are withholding major purchases in anticipation of newer crop arrivals. Cheaper imports of soluble coffee increased as companies changed their blends to contain the rising costs. Post based the MY 2013/14 export estimate on Coffee Board export permits and running export volumes. As such, exports have been lowered by 200,000 60 kg bags. Export destinations remain in Europe with Italy and Germany the top markets along with Russia. Exporters indicate that with farm gate prices at current level, export channels will be the most likely destination for Indian coffee beans.

MY 2014/15 imports are expected remain around 1 million 60 kg bags. MY 2013/14 imports have been revised higher as cheaper green bean imports from Vietnam and Indonesia were processed and re-exported as soluble coffee with Russia and Turkey being the top export destinations.

Policy - Export e-permit system re-launched
On October, 20, 2014, the Minister of State for Commerce and Industry, Government of India launched an e-governance initiative of a revised 'e-permit portal' whereby exporters can file their applications online and Coffee Board can process and issue export permits and ICO certificates of origin. The exporters through the portal can seek extension for validity of export permits, and apply for amendments if required.

Table 1. India: Coffee Bean Retail Prices in Major Consuming Centers, Rs. per Kilo 1

	Bangalore		Chennai		Hyderabad	
Year	**Arabica**	**Robusta**	**Arabica**	**Robusta**	**Arabica**	**Robusta**
Average 2007	137	87	170	91	150	89
Average 2008	150	114	157	118	164	127
Average 2009	210	105	215	109	229	119
Average 2010	217	98	225	104	233	110
Average 2011	297	131	300	134	314	141
Average 2012	247	156	298	148	309	170
Average 2013	199	157	229	182	250	190
Average 2014*	296	167	312	189	314	-

1\ Exchange Rate equals Rs. 61.20 per dollar as of Nov 6, 2014
*Average of data through Sep 2014
(Rs/kg of clean coffee beans of Arabic Plantation A & Robusta Cherry AB)
Source: Coffee Board of India

Table 2. India: Uncured Coffee Bean Farm Gate Prices in Major Producing Centers, Rs. per 50kg 1

	Chikmagalur		Sakaleshpur		Madikeri	
Year	**Arabica**	**Robusta**	**Arabica**	**Robusta**	**Arabica**	**Robusta**
Average 2009	6,752	1,869	6,418	1,872	6,459	1,929
Average 2010	6,949	1,940	6,894	1,821	6,966	1,870
Average 2011	10,144	2,663	10,151	2,606	10,061	2,600
Average 2012	7,984	3,000	8,053	3,036	8,046	3,036
Average 2013	6,393	2,945	6,411	2,956	6,473	3,056
Average 2014*	9,712	3,384	9,648	3,827	9,459	3,316

1\ Exchange Rate equals Rs. 61.20 per dollar as of Nov 6, 2014
*Average of data through Sep 2014
(Rs/kg of clean coffee beans of Arabic Parchment & Robusta Cherry)
Source: Coffee Board of India

Commodities:
Coffee, Green